Weekly Economic Review

Plan to raise EI benefits as claims mount

Employment Insurance

Claims keep rising in early 2016

Alberta's labour market found no reprieve in early 2016. Employment Insurance (EI) claims increased by 1,180 up to 32,760 in January (Chart 1), the highest monthly figure since January 2009. The increase in claims continued to drive up the number of regular EI beneficiaries, which hit 63,770 (+91% y/y) and have been steadily rising since September 2014. Over two-thirds of regular beneficiaries were residents of Calgary and Edmonton, which accounted for nearly 70% of the monthly uptick.

In recognition of worsening labour market conditions in those provinces most hurt by the oil price shock, the recently tabled federal budget proposed extending EI benefits for some claimants. The changes add up to five more weeks of benefits (now up to 50 weeks) and extend benefits by up to 20 weeks (now up to 70 weeks for long-tenured workers). The changes also lower the two-week waiting period before initial benefits can be received to a single week. The extended coverage will cover all regions of Alberta apart from Edmonton. Edmonton's exclusion is due to its relatively lower unemployment rate compared with the rest of the province.

New Motor Vehicle Sales

Sales start 2016 in slow lane

Albertans continued to refrain from buying new vehicles as 2016 got underway. There were 14,603 new motor vehicles sold in January, down 11% from a year ago to the lowest level since January 2011. Truck sales (including SUVs and vans) were down 11% y/y, while passenger car sales declined 9.7% y/y. Purchases of new vehicles have steadily waned amid the province's economic slowdown. The value of new vehicles sold also fell further, falling to $609 million (-9.4% y/y) to the lowest level in the past 5 years.

Investment in New Housing Construction

Continued tough times for Alberta home builders

Alberta new housing construction continued to decline in January, down 19% y/y. Spending waned for almost all dwelling types excluding apartments and condos. The slowdown was driven by slowing single family home construction, which fell for a fifth straight month, down 32% y/y – the largest year-over-year decline since July 1995. Investment in multi-unit dwellings slowed to a tepid 4.1% y/y in January.

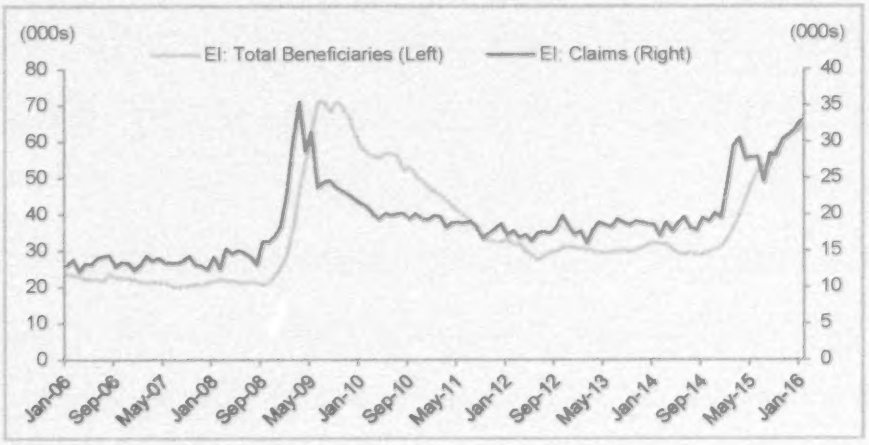
US Housing Market

Sales of new homes improve as existing home weaken

The US housing market showed mixed results in February. The US housing market found some strength as new home sales increased to 512,000 units (annualized), up 2.0% m/m following a marked slowdown over the preceding two months. However, the uptick was limited to Western states as sales in other regions like the Midwest and South continued to fall. Conversely, existing homes declined to 5.08 million (annualized), down 7.1% m/m on the heels of two prior months of solid growth. The slowdown was broad, with waning sales of both single family (-7.2%) and multi-family homes (-6.6%). Despite the monthly slowdown, robust sales over the past year have elevated the average price of existing homes by 4.4% y/y.

Chart 1: EI beneficiaries and new claimants continue to increase

Alberta employment insurance beneficiaries and claims



Source: Statistics Canada

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Please see the *Alberta Economy- Indicators at a Glance* for a snapshot of Alberta indicators.